

STATE OFFICE *of* RISK MANAGEMENT

WORKFORCE PLAN

Fiscal Years 2015 – 2019

I. Overview of Agency Scope and Functions

The State Office of Risk Management serves as the State's full service risk manager through the administration of the State's governmental employee workers' compensation insurance program; sponsored lines of insurance, and risk exposure and continuity management, in a manner that balances consideration for the rights and needs of the state worker with the protection of the legitimate interests of the citizens of the State of Texas. This is a comprehensive approach that involves assessing and addressing risks that threaten the achievement of the State's strategic objectives.

The Office has seen the organizational change set forth in the last strategic plan, intended to enhance the ability to further the mission of the agency. The expertise and scope of risk management at the enterprise level, incorporating expansion through resource reallocation within the risk management department, particularly insurance and continuity efforts, is currently in process. The Office is currently exploring the possibility of sponsoring additional lines of insurance as it continues to review and analyze the State's need to transfer the cost of risk through insurance, and is encouraging consideration of state reserving and retentions.

The Office is administratively attached to the Office of the Attorney General. The Supply and Demand Analysis in this report does not reflect the significant contribution in administrative support (payroll and benefits administration, budgeting IT services, etc.) made by the OAG.

II. Mission Statement and Philosophy

Mission

The State Office of Risk Management will provide active leadership to enable State of Texas agencies to protect their employees, the general public, and the state's physical and financial assets by reducing and controlling risk in the most efficient and cost-effective manner.

Philosophy

The State Office of Risk Management will act in accordance with the highest standards of ethics, fairness, accountability and humanity for both our customers and our employees. Customer service is a cornerstone of our mission.

III. Core Business Functions

Strategy - Risk Management Program

The Office establishes statewide risk management guidelines; works with agencies to develop programs that meet the guidelines; conducts on-site risk management program reviews; sponsors various lines of insurance coverage to assist client agencies in financing their identified risks and provides additional assistance when requested. In that capacity, the Office serves as a full service insurance manager for participating agencies.

Strategy - Pay Workers' Compensation

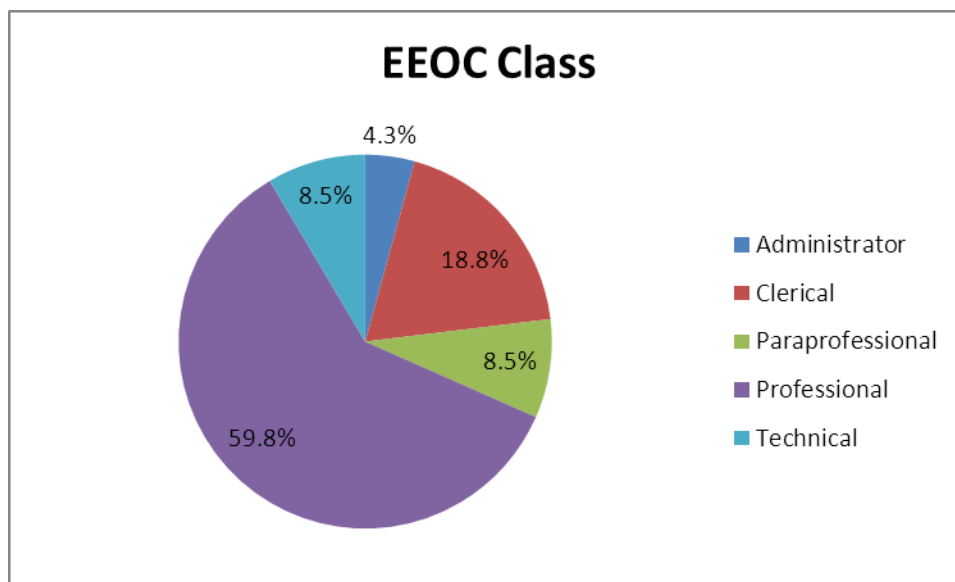
The Office manages all claims for workers' compensation in accordance with state law and administrative regulations, determines eligibility for medical and indemnity benefits, and determines the injured employee's weekly wage and indemnity payment rate.

III. Anticipated Changes to the Mission, Strategies, and Goals over the Next Five Years

The Office does not anticipate changes in its mission, strategies or goals in the next five years. The Office intends to continue to enhance its ability to assist client state agencies in all areas of risk management.

V. Supply Analysis – Current Workforce Profile

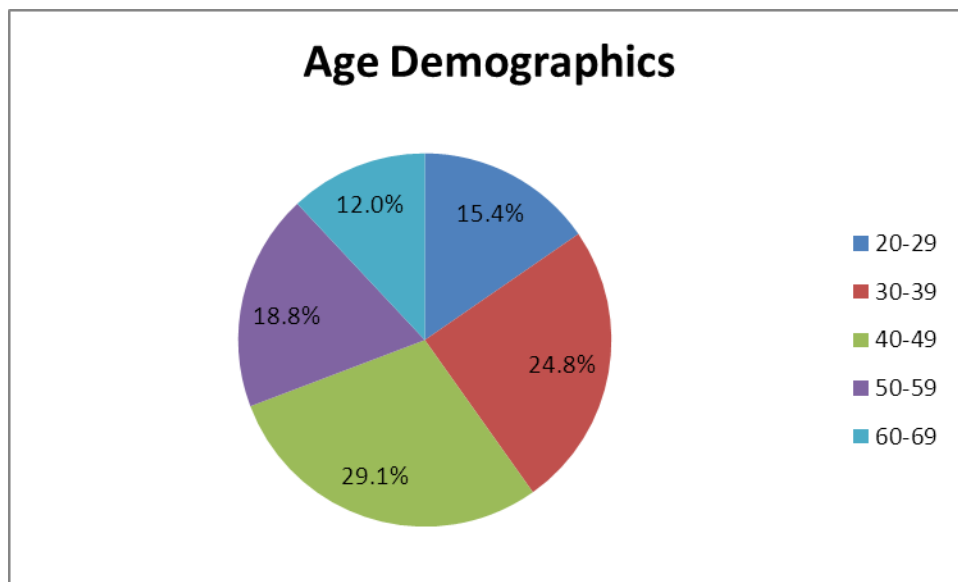
The Office is authorized 121.6 full-time equivalent (FTE) positions. Based on EEOC classifications, the current filled positions are allocated as follows:



Full reclassification review is currently underway as part of the restructuring of the agency, stage three, including both classification and pay.

The ethnicity of the agency breaks down as 2.6% Asian/Pacific Islander, 8.5% Black, 23.9% Hispanic and 65% White – non Hispanic. Gender distribution of Office staff is 73.5% female and 26.5% male. The average number of years staff has been with the Office is seven years.

Since the last Workforce Plan was submitted, the agency has become both more mature and more educated. The median age of a SORM employee is 43 years old, compared to 41 two years ago and 39 in 2010. Forty-nine percent of agency personnel have degrees, with 9% having advanced degrees.



Entry level claims adjusters earn \$33,200 annually while managing relatively straight forward file loads; and, senior adjusters earn \$52,100 and manage highly complex claims with potentially unlimited medical expenses which need to be closely monitored. The Office routinely loses experienced adjusters to the private sector for higher salaries, leaving less experience adjusters to handle claim files.

The Office's Risk Management Specialists touch all aspects of state agencies. They teach, assist, and consult with state agencies on ways to identify and avoid risk. Other positions in risk management and insurance all also prized in the private and public market.

*"Pay and Benefits –Low scores suggest that pay is a central concern or reason for satisfaction or discontent. In some situations pay does not meet comparables in similar organizations. In other cases individuals may feel that pay levels are not appropriately set to work demands, experience and ability. Score – 234 (out of 500)."*¹

Continued loss of personnel in these key positions will result in an increase in costs to the State. The Office participates in the Survey on Employee Engagement. While the employees believe the work they do is important to the State, they overwhelmingly see pay and benefits as the biggest obstacle to continued employment with the Office.

¹ Survey on Employee Engagement, University of Texas at Austin, School of Social Work, 2013

The Office has lost multiple key staff through retirement during the past year, and an additional 25% of current staff will be eligible for retirement within the next five years. The loss of such a significant number of senior staff reemphasizes the importance of having the resources to attract and retain experienced, qualified personnel.

Current Workforce Skills

The following skills are currently used by agency staff to successfully accomplish critical functions:

- Workers' compensation claims administration
- Medical / disability management
- Insurance consulting
- Risk management

Agency employees also need skills in the following areas:

- Customer service
- Problem solving
- Multi-tasking
- Proficiency with computer/technology
- Research and analysis
- Negotiation and dispute resolution

IV. Demand Analysis – Future Workforce Profile

In addition to the skill sets listed above, the following additional skills will be needed to meet the challenges of the future:

The Office anticipates the need for employees highly trained in the medical field. Both the Medical/Disability Management and Return-to-Work programs will depend on more staff possessing knowledge of occupational diseases and injuries, established treatment guidelines, and the analytical skill to recommend a course of action based on individual cases.

Performing the medical cost containment function in-house will increase the agency's need for personnel trained in medical cost containment.

Expanding the agency's online training by producing podcasts and training videos targeting relevant health and safety will require staff with skills in media editing, filming, and production.

An increased workload resulting from both increased participation and non-compliance in insurance purchases by client agencies will require skill sets in multiple lines of insurance and contract administration.

Professional certification and training for agency staff will validate the agency's credentials as a leader in risk management and claims administration. Industry trends are communicated effectively through participation in professional associations.

Additional programming and technology staff will be required to implement the new computer systems needed to conduct the critical business of the Office in the most efficient manner.

VII. Gap Analysis

The agency anticipates that evolving technology will continue to automate processes, requiring fewer employees with filing, data entry, and general clerical skills and more staff with the skills to fully make use of the agency's planned computer system enhancements.

Recruiting employees with training and experience in occupational medicine and treatment guidelines has been challenging, however, the agency will continue to pursue candidates with these critical skills.

Recruiting and retaining employees with enterprise risk management, business continuity and advanced commercial insurance experience has been challenging, however, the agency will continue to pursue candidates with these critical skills.

The agency realizes that in times of change and challenge, leadership on all levels is essential to success. Management staff will need to enhance managerial skills needed to motivate staff, manage change, communicate goals, and encourage innovation. Effective succession planning is essential in light of the impending retirement of so many of the Office's key staff.

The Office's inability to compete with private sector salaries and benefits greatly compromises its capability to meet the needs of the State with regard to comprehensive and effective risk management and claims administration.

VIII. Strategy Development

The Office has plans to enhance its computer systems to allow for greater efficiencies. Computer and technology proficiency is a standard for all jobs. All vacancies will require computer competency relative to the job. Current employees will be provided training that will improve work productivity and efficiency using automated processes.

To address the problem the agency has had recruiting qualified medical staff, the agency will continue to identify candidates through the hiring process, as well as provide training and mentoring to current staff to develop the skills necessary in the disability management and return to work programs.

Continue to concentrate on leadership development. The agency will periodically assess the leadership and development opportunities for all levels of management, including the Governor's

Center for Management Development. The agency will continue to encourage staff members to obtain professional certification, and support the agency's membership in professional organizations.

The Office will continue to seek ways to improve processes and maximize resources. However, attracting and retaining qualified staff is of the highest priority and benefit to the State of Texas. The inability to hire and retain experienced staff will result in an increase of risk to the State that is measured in dollars.